

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6225-01
Bill No.: HB 2076
Subject: Abortion; Contracts and Contractors; State Departments
Type: Original
Date: April 17, 2012

Bill Summary: Establishes a preference in governmental contracts for person who contribute to alternatives to abortion services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$56,072)	(\$64,772)	(\$65,425)
Total Estimated Net Effect on General Revenue Fund	(\$56,072)	(\$64,772)	(\$65,425)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	1	1	1
Total Estimated Net Effect on FTE	1	1	1

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Economic Development, Department of Insurance, Financial Institutions, and Professional Registration, Department of Corrections, Department of Health and Senior Services, Department of Revenue, Department of Social Services, Department of Public Safety (DPS) - Missouri State Highway Patrol, Office of State Auditor, Office of State Public Defender, Office of State Treasurer, Northwest Missouri State University and Parkway School District** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Agriculture** state they are unaware of any costs of this proposed legislation, but defer to the Office of Administration for response relating to potential costs.

Officials from the **Department of Higher Education (DHE)** state the proposal would have no direct, foreseeable fiscal impact on the DHE.

Officials from the **Department of Natural Resources** does not anticipate a direct fiscal impact as a result of the proposed legislation.

Officials from the **Office of Prosecution Services (OPS)** assume the proposal will have no measurable fiscal impact on the OPS.

Officials from the **University of Missouri** state the proposal will have no significant fiscal impact (over \$100,000) on the University of Missouri or the University of Missouri Healthcare System.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. **The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs.** However, it is also recognized that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. **Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.**

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** state it cannot be determined at what price the bids will come in. If the prices are higher than with a vendor that does not make contributions in accordance with the proposal, the DESE and school districts will likely be spending more. However, this will not be know until OA does the bidding.

Officials from the **Department of Mental Health (DMH)** state the proposal establishes structured bidding preferences on purchasing or contracting for any supplies, equipment, or services to all agencies, departments, institutions, and other entities of this state, political subdivisions of this state, and agents thereof with procurement power, to any person or organization which makes a contribution to an alternatives to abortion agency or to the alternatives to abortion support fund. It is possible that costs may increase for contracts made with providers for services with bidding preferences. The fiscal impact for the DMH is unknown.

Officials from the **Department of Labor and Industrial Relations (DOL)** state this proposal establishes a bidding preference in governmental contracts for any person or organization “which makes a contribution or contributions of a certain level to an alternatives to abortion agency or to the alternatives to abortion support fund established in section 188.320.”

There are many uncertainties in the proposal that prevent the DOL from determining the fiscal impact. Therefore, the DOL is unable to estimate whether the proposal will result in a cost savings ro additional cost.

Officials from the **DPS - Missouri Veterans Commission (VET)** state the proposal will have an unknown fiscal impact on the VET.

Officials from the **Missouri Department of Conservation (MDC)** state if the proposed legislation is passed, it would likely have a negative fiscal impact on department funds because it could potentially increase the amount of a bid award by 5%. Although the exact amount of the negative fiscal impact would be impossible to predict, the negative fiscal impact could conceivably be greater than \$100,000 annually.

Officials from the **Missouri Department of Transportation (MoDOT)** state per the delegation of authority issued by OA, MoDOT is not subject to Chapter 34 except as it relates to information technology, telecommunications, and printing. This section may only apply if the identified vendors are offering one of these three (3) exceptions.

ASSUMPTION (continued)

If it is determined that these identified vendors offer some of these services, MoDOT could experience some fiscal impact. It could result in reduced competition and higher prices due to increasing the product/service cost by the addition of the five points/5% preference.

Costs associated with this statute section are difficult to determine due to its probable limited scope of application to MoDOT's procurement practices. That there could be an impact seems apparent due to not being able to competitively bid the products/services by the addition of the preference.

Officials from the **City of Kansas City (City)** state the legislation may have a fiscal impact on the City, but the cost is unknown. The fiscal impact on the City will depend on the cost differential of the prices offered by qualifying vendors under the statute versus the prices the City would pay to the lower bidder without considering the bonus.

Officials from **Linn State Technical College** state the fiscal impact of the proposal would be unknown.

Officials from the **Metropolitan Community College** state the bill could have a negative fiscal impact on the college by limiting the college's ability to obtain good pricing.

Officials from the **Missouri State University (MSU)** state the proposal could result in higher costs for the following reasons: 1) Higher labor costs related to searching for vendors, evaluating vendors, bid preparation, and contract administration; 2) Higher pricing as pricing from a preference vendor might not be as competitive as pricing available from other sources; 3) Services from a preference vendor might not be as extensive as from other sources; 4) The quality of products from a preference vendor might not be as competitive as from other sources, and 5) Competition could also be restricted by promoting the utilization of a vendor selected on the basis of preferences. The potential increase in costs as a result of this proposal is unknown.

Officials from **Missouri Western State University** state this could possibly impact the university financially by 1) not allowing the university to go with the lowest and best bid if the vendor is not on the list of "qualified vendors" and 2) by implementing a fee for administration of this section.

Officials from the **Office of Administration (OA) - Division of Purchasing and Materials Management (DPMM)** have determined that a Buyer III position (\$41,712 annually) is needed to oversee the fulfillment of the tasks stated in this proposal. This position will be responsible

ASSUMPTION (continued)

for developing and maintaining a list of alternatives to abortion agencies to which contributions can be made. Also, the position would have to verify a contribution was made and maintain records of the contributions.

Total costs to the General Revenue Fund are estimated to be \$56,072 for FY 13; \$64,772 for FY 14; and \$65,425 for FY 15.

Officials from the **Office of Attorney General** did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
§34.085			
<u>Cost - Office of Administration</u>			
Personal Service	(\$34,760)	(\$42,129)	(\$42,550)
Fringe Benefits	(\$18,402)	(\$22,303)	(\$22,526)
Equipment and Expenses	<u>(\$2,910)</u>	<u>(\$340)</u>	<u>(\$349)</u>
Total <u>Cost- Office of Administration</u>	<u>(\$56,072)</u>	<u>(\$64,772)</u>	<u>(\$65,425)</u>
FTE Change - OA	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$56,072)</u>	<u>(\$64,772)</u>	<u>(\$65,425)</u>
Estimated Net FTE Change on General Revenue Fund	1 FTE	1 FTE	1 FTE

FISCAL IMPACT - Local Government

FY 2013
(10 Mo.)

FY 2014

FY 2015

ALL POLITICAL SUBDIVISIONS

§34.085

Cost - Political Subdivisions

Potential increase in contract costs due
to preferences

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON ALL
POLITICAL SUBDIVISIONS**

(Unknown)

(Unknown)

(Unknown)

FISCAL IMPACT - Small Business

Small businesses competing for state contracts could be impacted.

FISCAL DESCRIPTION

This proposal establishes a five point preference in governmental contracts for persons who contribute to alternatives to abortion services.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Agriculture

Office of Administration -

Division of Purchasing and Materials Management

Office of State Courts Administrator

Department of Economic Development

Department of Elementary and Secondary Education

Department of Higher Education

Department of Insurance, Financial Institutions, and Professional Registration

Department of Mental Health

Department of Natural Resources

Department of Corrections

Department of Health and Senior Services

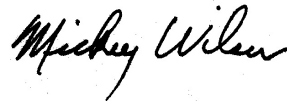
Department of Labor and Industrial Relations

HWC:LR:OD

SOURCES OF INFORMATION (continued)

Department of Revenue
Department of Social Services
Department of Public Safety -
 Missouri State Highway Patrol
 Missouri Veterans Commission
Missouri Department of Conservation
Office of Prosecution Services
Office of State Auditor
Office of Secretary of State
Office of State Public Defender
Office of State Treasurer
City of Kansas City
Linn State Technical College
Metropolitan Community College
Missouri State University
Missouri Western State University
Northwest Missouri State University
University of Central Missouri
University of Missouri
Parkway School District

NOT RESPONDING: Office of Attorney General



Mickey Wilson, CPA
Director
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